

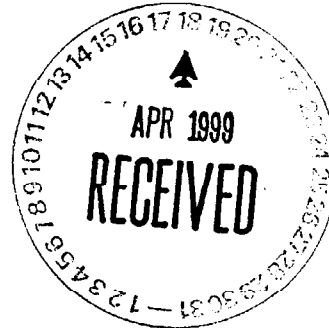
# O & G PROFESSIONALS, INC.

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April 16, 1999

Ms. Paula Neuroth  
Rules and Publications Staff  
P. O. Box 25165-MS 3021  
Denver, CO 80225-0165



Dear Ms. Neuroth:

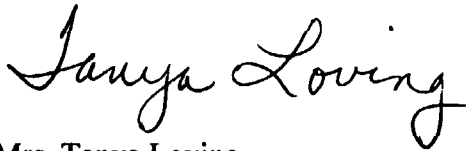
The following are comments concerning the proposed changes to the reporting regulations for the MMS 2014 forms.

1. We oppose the agreement level reporting due to problems with allocations. To properly allocate all production the Minerals Management Service would have to have all decimal interests identified properly, the operator would have to report all volumes accurately, all reporters would have to report their royalty interests, and all unit expansions would have to be properly recorded. There are too many variables involved to maintain effective controls. There could be a problem when not all interest owners sell their gas in all tracts of the units. Once MMS allocated the production, how would the amounts the individual owners were reporting be traceable for audit purposes? Allocation of agreement level reporting does not sufficiently identify the amounts owners will report.
2. Net-basis reporting allows negative volumes and positive values and vice versa due to both a price change and a volume change. Will MMS be able to recognize the cause of this type of reporting?
3. At present, operators report the 3160 volumes on the 20<sup>th</sup> of the month, making them available to the interest owners around the 21<sup>st</sup> or 22<sup>nd</sup> of the month. If operators were to change to electronic reporting and not report volumes until the 25<sup>th</sup> of the month, there would not be enough time for royalty reporters to receive the data and calculate entitlements on a timely basis. Would MMS be able to make these reports available electronically or suggest to the operators that they should make them available to the royalty reporters? Wellhead volumes are not proprietary and should be available to the royalty reporters, but operators have been reluctant in the past to supply this type of data. Is it possible to publish these numbers on an electronic bulletin board or another electronic venue?

4. It is difficult to report residue and plant product volumes on an entitlement basis when sales occur at plant outlet due to imbalances not recognized by MMS. Sales at tailgate are very rarely 100 percent of the royalty owner's interest. The only reliable 100 percent volumes are the wellhead volumes reported by the operator on the 3160 form. The plant factors that are used by MMS to adjust from wellhead mcf to plant outlet mcf are not available to the royalty reporters on a timely basis. The burden of proof, when the 3160 volumes did not agree with the 2014 volumes, would fall to the royalty reporter.
5. Lastly, rather than make an assumption about the date, would it be possible to include the century in the date without completely redesigning the computer programs? This would prevent the same type of problem 40 years from now.

Other adjustments and changes to the 2014 and 3160 reports pose no foreseeable problems.

Very truly yours,

A handwritten signature in cursive script that reads "Tanya Loving". The signature is written in black ink and is positioned above the printed name and title.

Mrs. Tanya Loving

President